## Message Text

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**ACTION ARA-20** 

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 TAR-02 AGR-20 SWF-02 L-03 DRC-01 /165 W ...... 070238

R 012115Z AUG 74 FM AMEMBASSY SAN SALVADOR TO SECSTATE WASHDC 6102

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E.O. 11652 - N/A TAGS: ETRD, ES

SUBJ: INVENTORY OF EL SALVADOR TRADE PROBLEMS

REF: A) STATE 167281; B) SAN SALVADOR 3000;

1. THE EMBASSY SUGGESTS THE FOLLOWING AMENDMENTS TO THE INVENTORY OF EL SALVADOR TRADE PROBLEMS, WHICH ARE KEYED TO THE PRESENTATION OF REFTEL.

A.3. SIGNIFICANT PROJECTED CAPACITY GROWTH OF THE SALVADORAN TEXTILE INDUSTRY WILL RESULT IN PRESSURES FOR LIBERALIZING THE BILATERAL TEXTILE AGREEMENT.

B.2. (IF THE TRADE INVETORY EMBRACES INVESTMENT, THE) EL SALVADOR INTERVENED THE 100 PERCENT US OWNED INTERNATIONAL RAIL-ROAD OF CENTRAL AMERICAN IN OCTOBER 1971 AND PLANS TO PURCHASE IN 1974 FROM GENERAL MOTORS THE 16 LOCOMOTIVES WHICH CONSTITUTE THE EFFECTIVE MOTOR STOCK OF IRCA. THIS WILL NO DOUBT LEAD TO REVO-CATION OF THE GOES/IRCANCONCESSION AND THE PROBABLE NEED TO ESTABLISH TERMS FOR SALVADORAN PURCHASE OR IRCA ASSETS, A PROSPECT WHICH OFFERS THE CLEAR POTENTIAL OF BILATERAL PROBLEMS.

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C. ADD AS POINT 2. EL SALVADOR'S INTRA-REGIONAL TRADE FACES INCREASING UNCERTAINTIES OWING TO IMPOSITION OF QUOTAS AND OTHER NTB'K BY HER CACM PARTNERS. DISAPPEARANCE OF CACM MECHANISMS FOR RESOLVING TRADE DISPUTES, SUCH AS THE NORMALIZATION COMMISSION, NOT ONLY IMPEDE RECONCILIATION OF DISPUTES BUT IN FACT ENCOURAGES ANTI-FREE TRADE ACTIONS.

D. THIS ISSUE HAS BEEN RESOLVED. SEE SAN SALVADOR 3000. CAMPBELL

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## Message Attributes

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**Current Classification: UNCLASSIFIED** 

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